MERCHANDISING '83

High utility costs promise to fuel 25% rise in energy product sales

NATIONAL REPORT—By the end of this year, sales of energy products will have increased an average of 25% over 1982, according to vendor reports.

Like home center buyers, manufacturers report a decline in the rate of increase for energy product sales because consumers are no longer panicking over energy costs. Even so, utility bills remain high around the country and energy product sales continue to increase, although at a more modest rate.

Manufacturers' appraisals of current year sales of energy products appear to be more optimistic than those of home centers (*NHCN*, Aug. 1). The reason appears to be that a portion of the faster growing categories of energy products pass through specialty stores and other outlets, competing increasingly with home centers for a piece of the market.

Solar heaters are expected to be the fastest growing category, according to a cross section of manufacturer dollar sales projections (see chart). However, nearly all of them are sold through specialists who also install them for consumers, rather than through home centers, according to manufacturers.

Meanwhile, although three categories of insulation are expected to grow at a rate of 25% annually, a larger portion of the product is expected to pass through contractor yards selling commodities for new housing rather than through home centers positioning themselves for do-it-yourselfers.

Ceiling fans, meanwhile, are expected to increase sales by 25% this year, but with sales increasingly coming through discount and specialty stores.

Estimates were based on a survey of leading manufacturers in each category, asked to make industrywide projections. Not all wished to reveal their projected estimates.

Fiberglass insulation, the best-selling category in terms of expected revenue in 1983, should increase by 25% over last year. The Manville Corporation said it expects industrywide sales to top $1 billion. Reflecting only residential sales, these figures exclude mobile home insulation and foam board.

Wood stoves, while accounting for the second most popular category of energy products in terms of expected sales, seem to be reaching a plateau. *Alternative Energy News*, which tracks sales of this product, expects sales this year to increase 10% over 1982.

Kerosene heaters, growing at 18% this year according to industrywide estimates by Glo-International, have narrowed the gap behind wood stoves.

Solar heaters, of the medium temperature variety used primarily for hot water heating, however, will grow in sales at the rate of 50%. According to Rom-Aire Solar, low temperature solar heaters, used primarily for pool heating, are either stabilized or declining in sales. Because of the plumbing and carpentry involved, most solar systems are installed by specialist firms.

Industrywide sales of ceiling fans should total $675 million, from an estimated seven million units this year, according to Moss Manufacturing. Other manufacturers would not comment. The total market potential is estimated at 360 million, with 20 million fans already installed, Moss officials estimate.

Mineral wool insulation, increasing at 25% over last year, should top $250 million in sales. These figures represent residential use only and exclude mobile home insulation as well as foam board.

Expanded polystyrene foam board, used increasingly by do-it-yourselfers, will sell at a rate 25% higher than last year, according to one manufacturer, Celotex. Other foam board types, such as polyisocyanurate and extruded polystyrene, are half again as expensive and thus are seldom used by DIYers.

Solar film sales, which totaled only $2 million in 1974, should reach $30 million this year, according to one supplier, Metallized Products. About 75% of the film goes through Sun Belt retailers.

Energy product sales
(in $ million retail)

Product	1982	1983	Per cent increase
1. Fiberglass insulation	$800	$1,000	25
2. Wood stoves	814	895	10
3. Kerosene heaters	720	850	18
4. Solar heaters	550	825	50
5. Ceiling fans	540	675	25
6. Mineral wool insulation	200	250	25
7. Foam board insulation	170	250	25
8. Caulking	125	150	20
9. Weatherstripping	80	90	13
10. Solar film	26	30	15

Fiberglass insulation is expected to take a confortable lead in the 1983 race for consumer energy dollars, according to energy industry projections. Solar heaters will narrow the gap behind kerosene and wood alternatives.

Sources, notes:
Estimates from July 1983 NHCN survey of manufacturers asked to make industrywide projections; not all wished to reveal their estimates. 1,6: Residential use only, excluding mobile home insulation and foam board; The Manville Corporation. 2: Alternative Energy Retailer survey. 3: Glo-International. 4: Medium temperature heaters only; Rom-Aire Solar Corp. 5: Moss Manufacturing. 7: Expanded polystyrene only; Celotex Corp. 8: U.S. Gypsum. 9: Stanley Hardware. 10: Metallized Products. NHCN Picture: Somerville Lumber, Somerville, Mass. NHCN chart

Expect shoppers to buy costly cordless phones as holiday gifts

(Continued from page 88)

add another six sku's to its telephone line by this fall. Thompson said that although he is mainly interested in adding basic models, he also wishes to bring in a low-end cordless telephone which would retail at $62.

"The cordless phone will be the Christmas phone, because everyone is looking for the kind of gift that people don't have," Thompson speculated. "But I don't think the average person is going to spend $99 on impulse these days, if he's not looking for a gift.

"I think that you have to have the low-end covered too, if you're going to bring people in everyday."

Thompson, like HWI's Gilbert, expressed confidence that the basic telephone ultimately will provide retailers with their staple in phone sales. Half the chain's current assortment features basic telephones, six of which are manufactured by GTE. Prices range from $21.99 to $49.99.

"I think lots of people are accustomed to the conventional phone and know it will hold up," Thompson said. "The GTE phones are more expensive, but are probably engineered better and will hold up longer than cheaper models."

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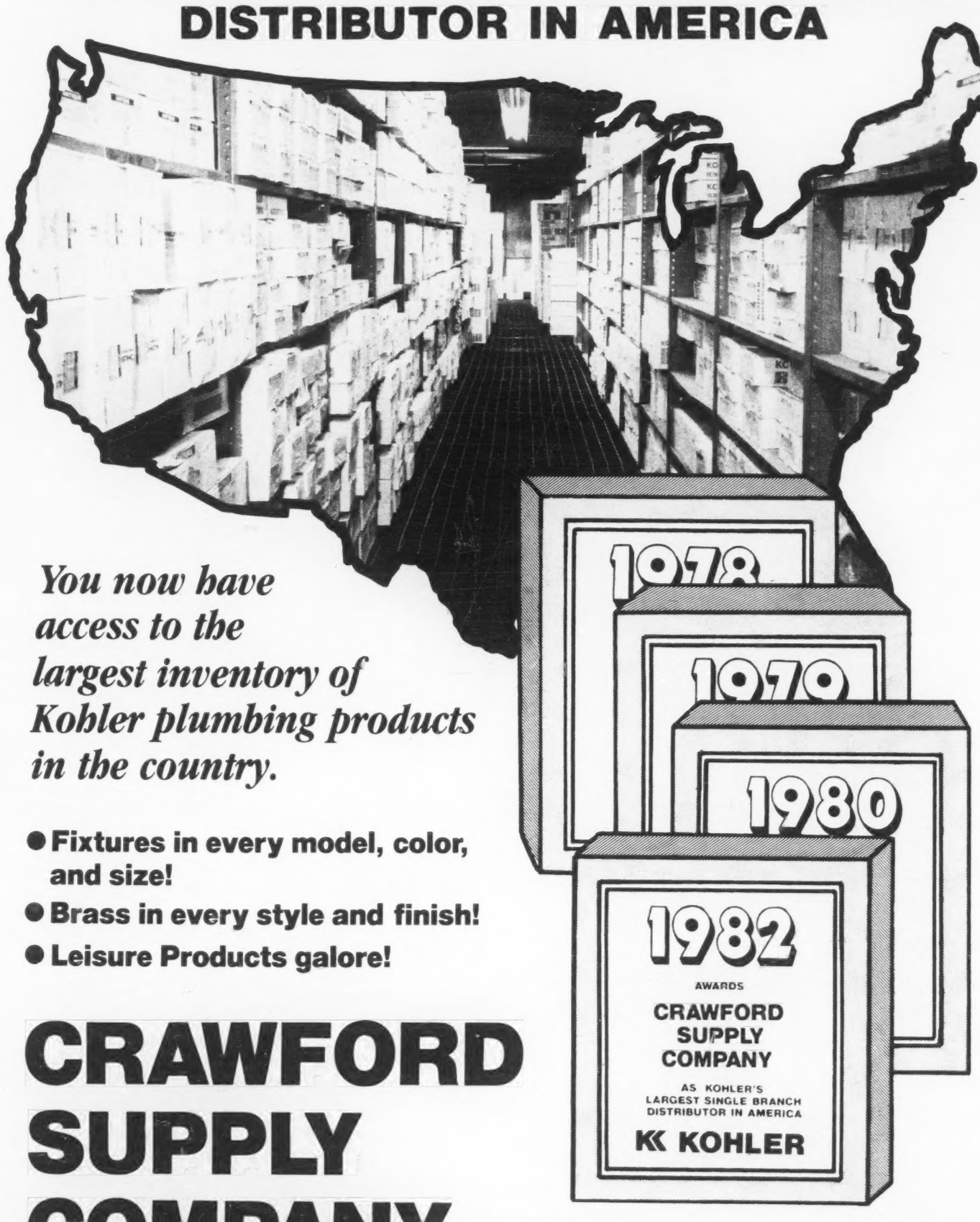

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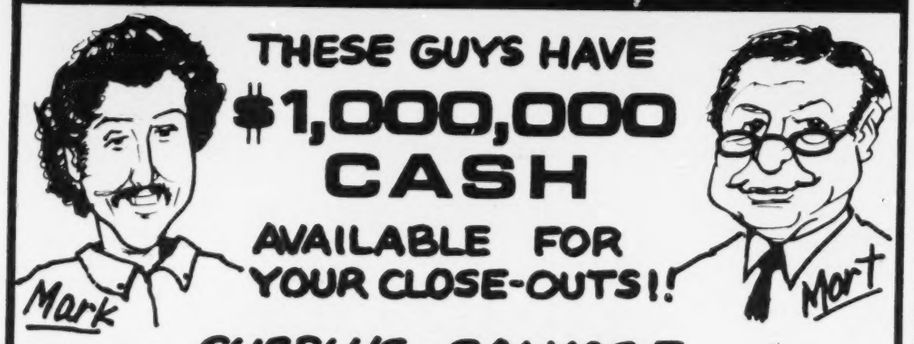

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FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Boise Cascade	6/30-2nd qtr.	$ 869,490	$ 740,910	17	$16,970	$ 8,440	—
Evans Products**	6/30-2nd qtr.	260,521	228,072	14	24,973	19,064	31
W. R. Grace	6/30-2nd qtr.	1,605,642	1,632,503	– 2	40,504	76,980	– 47
Scotty's	7/2-5 wks.	40,015	37,012	8	—	—	—

*$ in thousands
**includes revenues and operating income for retail division only

Evans Products' sales, income climb

PORTLAND, Ore.—Evans Products' retail group set quarterly record highs for revenues and earnings during the second quarter ended June 30, company officials said.

Operating income for the division rose 31% to nearly $25 million on sales of $260.5 million, up 14% from the second quarter of 1982. Officials pinned the performance, in part, on the pickup in new housing activity and the general recovery.

Overall during the quarter, however, Evans Products remained unprofitable despite posting its first profitable month in June since November 1981. The company recorded a net loss of $3.7 million, slightly higher than the $3.5 million net loss of a year ago, on a sales drop of 3% to $352.9 million.

Second-quarter, pretax earnings from continuing operations, before nonrecurring items and unallocated interest and other expenses, rose 24% to $18.1 million in the period. The unallocated interest expense fell 24% to $18.4 million because of lower interest rates.

The company also experienced a $1 million extraordinary gain from the utilization of previously unrecognized net operating loss carry forward, attributable to Canadian operations, which offset income tax expense of the same amount.

In another development, Evans' board of directors has authorized the redemption of 142,757 shares of its $1.40 cumulative junior preferred stock on Dec. 1. Shares selected for redemption will be redeemed for $15.50 per share plus an accrued dividend of 35¢ per share.

Under mandatory provisions, 5% of the initially issued 2,855,145 preferred shares are to be redeemed on Dec. 1 of each year.

2nd quarter gain at Boise

BOISE, Idaho—Lower mortgage rates, growing consumer confidence and improved weather, which aided new home building activity in reaching its highest levels since 1979, all helped build profits for Boise Cascade's building materials distribution and wood products businesses in the second quarter, according to officials.

The building materials sector, which includes the company's 93 retail outlets, posted "a good increase in profitability" in the quarter, officials said. The division lost money a year ago and made a "small" profit in the first quarter of this year.

The wood products business posted a "modest" profit, the first for the division in two years, according to officials, who noted that profit margins remained tight in the period.

Overall in the second quarter, Boise Cascade had net income of almost $17 million compared to an $8.4 million net loss in the same period last year while sales were up 17% to $869.5 million.

Scotty's posts 5-wk. sales gain

WINTER HAVEN, Fla.—Scotty's reported sales of $40,014,905 for the five weeks ended July 2 to push sales for its 1983 fiscal year to $358,980,593, or 17% better than a year ago, officials reported.

Chairman and ceo James W. Sweet said the fiscal year ended July 3, 1982, contained 53 weeks, while the fiscal year just ended had only 52 weeks. On a comparative basis for 52 weeks, the 102-store chain actually showed a 19% sales increase for fiscal 1983.

In addition, sales for the five weeks ended July 2 were up 29% from the five weeks ended July 3, 1982.

Business has been helped by a resurgence in contractor sales. Builder volume had increased by almost 60% in March, April and May compared to the same months of 1982, thanks in part to Florida's economic and housing recovery, president Ray H. Cooney said.

STOCK PRICES

	As of 7/21	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	39¾	47⅜	21¾	27
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	18¾	19½	4⅞	—
Forest City (AMEX)	26⅛	28⅜	11½	16
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	45⅜	50⅜	28½	13
Lowe's (NYSE)	29¼	32¾	8¾	33
Pay 'N Pak (NYSE)	20⅝	24	18¾	15
Payless Cashways (NYSE) [Furrow]	32¼	34½	10⅝	35
Scotty's (NYSE)	16¾	21⅛	10¼	17
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	14⅝	16⅜	7¼	—

Nasdaq national—over-the-counter stocks

	As of 7/21	52-week High	52-week Low	P/E Ratio
The Home Depot	26⅞	31⅛	4⅝	—
Pay 'n Save	25¾	27⅝	8¾	—

Over-the-counter stocks

	As of 7/21 Bid	As of 7/21 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18	20	23	8½
Hechinger	26½	26¾	38½	15⅛
Home Centers of America [Units]	29½	31	38	13¼
Home Centers of America	9½	9¾	12½	5
Hines Lumber	29¾	30½	29¾	13
Scotts Seaboard [Scotts]	4⅝	5¾	4⅝	⅝
Wolohan Lumber	8⅞	9	10⅛	3½

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McNulty preps 2-unit warehouse debut in L.A.

(Continued from page 1)
from the highly successful Price Club, the San Diego-based operator of eight discount merchandise warehouses in California and Arizona. The only membership qualification at HomeClub is payment of an annual membership fee that officials would not specify. Unlike the Price Club's members-only approach, nonmembers will be welcome to make purchases at HomeClub but they will pay an additional 5% surcharge on the price posted in the warehouse.

Company officials believe the membership format will reinforce HomeClub's wholesale image for exclusivity and low prices.

The 36-year-old McNulty is an ex-W. R. Grace home center division executive and was president and coo of 12-unit Neiman-Reed's Lumber City for one year until his July resignation (*NHCN*, July 4). Lumber City's stronghold is the San Fernando Valley which is outside HomeClub's prime market.

McNulty is HomeClub's president and ceo. Other principals are George Handgis, 31, executive vp-merchandising. Earlier this year Handgis resigned as head of merchandising for W. R. Grace's western region home center operations.

HomeClub's executive vp-finance is Jim Abrams, 38, a CPA who has been a cfo for a specialty apparel chain. At presstime, names of warehouse managers were not available.

The warehouses will be open 13 hours daily and employ about 100 persons each. They will emphasize the no-frills look—exposed HVAC systems and concrete floors—with a minimum of design embellishments.

Officials expect the customer mix to include contractors and homeowners but a projected ratio of contractor-consumer sales has not been made. McNulty noted HomeClub's "heavy commodity emphasis," but declined to specify the amount of floor space to be devoted to various merchandise categories.

The key to HomeClub's success will be its ability to keep gross profit margins substantially below the industry average of 34%. HomeClub expects that its reliance on a strong membership base means that the chain will not need to make heavy advertising expenditures. Initially, however, HomeClub plans a media blitz to anounce its grand opening.

Each warehouse will have 15 POS checkout terminals connected to a main computer that will monitor inventory levels and sales volumes. Computerization will offer HomeClub daily updates on its P&L balance sheet as well as an automated re-order inventory replenishment system.

McNulty said HomeClub will buy centrally from manufacturers and ship directly to each store. Containers will be un-

Because HomeClub will need high volume—in the $750,000 to $1 million monthly range—to meet its expansion goals, officials are betting that a large percentage of customers will come from outside a five-mile radius. In general, DIY shoppers in southern California are price sensitive and not loyal to one particular chain, which will work to HomeClub's advantage initially as it tries to build market share.

How competitors will respond to the HomeClub threat is not clear. Some observers say a price war could develop. HomeClub's Norwalk location is within three miles of a 50,000-sq.-ft. National Lumber, the 170,000-sq.-ft. independent All American Home Center and—across the street—from a 30,-000-sq.-ft. Angels Home Center.

National Lumber now has the largest stores in the market, and the lowest-price impression. HomeClub will need to supersede National as the price leader, and thus a showdown battle is looming.

"HomeClub will be competitive in the marketplace on a day-in, day-out basis," McNulty said. As for HomeClub's growth potential, McNulty noted the company logo: "America's Do-It-Yourself Warehouse." "It sure as hell doesn't say 'L.A.'s DIY Warehouse,'" McNulty joked.

Industry veteran Robert McNulty plans to open two 100,000-sq.-ft. membership-only warehouse home centers in Los Angeles in late November. NHCN photo

Paty units reopen with DIY-look

(Continued from page 2)
president said. "The Johnson City store was oriented 65% to 70% in favor of contracting last year. Now, consumer sales there are more than 50%."

John Kiss, Paty's marketing vp, said the first change in product mix was the elimination of the major appliances department, which had contributed between 8% and 10% of company sales.

"We carried a lot of appliances: laundry machines, refrigerators, dishwashers, stoves, televisions," the executive recalled. "We sold a lot too, but there was never any margin.

"We would have been happy with margins in the low 20's, but ours were in the teens," he added. "Competition was just too fierce."

Money being spent on appliances will be reinvested to increase the company's sku offering from 13,000 to 16,000. Kiss said that between 750 to 1,000 sku's have been devoted to the new lawn and garden department, selected on the basis of point-of-sale tracking. Some 150 to 180 sku's of wallpaper have been added to the decoratives department. Other new in-store products include precut and presanded hardwood boards, picture frame molding, packaged and carded plumbing fixtures and telephone accessories.

According to Kiss, about 30% of this year's sales at the Johnson City store are expected to come from the decoratives department. The store's paint inventory reportedly has turned at least five times thus far, while the company claims to be the only local retailer with an extensive selection of wallpaper in stock.

The decoratives department also is positioned at the center of the store's racetrack, taking up between 30% and 35% of the floor space. Kiss said Paty intends to emphasize the decora-

MEET PEOPLE YOU KNOW EVERY ISSUE

female shoppers into its stores. "We're trying to make a statement," the executive continued. "We're trying to say we have a broad selection of wallpaper and you don't have to order it to get it.

"We also want the decoratives department to be attractive and help provide a pleasant shopping experience for women," he said. "It's our belief that the women are the ones that initiate home projects."

Kiss said the largest portion of store sales, between 30% and 40%, will come from the lumber and building materials department. The department's merchandise has been placed on the left-hand side of the store in an attempt to draw customers around the racetrack from an entrance at the front right-hand corner of the building.

Plumbing and hardware merchandise also has been placed at the rear of the store to draw customers through. Lawn and garden and seasonals sit near the check-out lines at the front.

Kiss said the racetrack format will provide more numerous opportunities for endcap displays than other store designs reviewed by the company's officials. He said Paty also believes the format induces shoppers to walk around the entire store.

Designed by an outside consultant, The Doody Co., Cleveland, the racetrack at Johnson City provides the store with 55 endcap displays. Kiss said the same store had about half as many endcaps last year.

"We sort of decided upon [the design] after arriving at negative evaluations of the other concepts," said Kiss.

"For instance, we were skeptical about a supermarket design—a home center doesn't seem to have as many consumables that can be positioned to draw people down those long aisles."

Kiss said Paty spent $250,000 to renovate the Johnson City store, giving it a new parking lot and entrance. The Duffield renovation is expected to cost between $15,000 and $20,000, with most of the expenditures being funneled to new store fixtures and a wider front entrance.

FUTURES

Two weeks ended July 22, 1983

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept. '83	214.50	203.50	212.60	210.80	4,414	240.40	163.80
Nov.	214.50	202.50	211.60	206.40	2,738	229.90	168.00
Jan. '84	218.50	206.50	216.20	208.90	869	234.00	179.00
March	223.80	212.50	221.50	214.00	284	240.50	206.50
May	228.00	216.00	226.10	218.50	106	245.50	216.00
July	232.00	222.50	230.10	224.60	31	252.50	222.50
Sept.			— No Trading —				

Total Contract Vol. (Through 7/22): 29,971 — **Previous Two Weeks: 31,675**
Total Open Interest (As of 7/21): 8,442 — **Previous Week: 8,343**
Cash Price: $195.02 — **Previous Week: $197.90** — **Year Ago: $135.24**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
July '83	196.00	188.50	190.50	192.40	0	221.00	170.00
Sept.	199.30	191.10	198.90	194.80	1,285	223.90	185.00
Nov.	202.10	193.60	200.70	197.10	275	226.60	193.60
Jan. '84	203.50	196.00	202.00	198.20	89	223.00	196.00
March	206.00	198.00	204.50	201.00	72	225.00	198.00
May			— No Trading —				

Total Contract Vol. (Through 7/22): 1,273 — **Previous Two Weeks: 2,495**
Total Open Interest (As of 7/21): 1,721 — **Previous Week: 1,674**
Cash Price: $196.00 — **Previous Week: $191.10** — **Year Ago: $164.64**

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, July 21.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Climb in housing begins to level off

(Continued from page 2)
39% improvement to 2.73 million compared with 1.96 million in 1982.

But for the next six months housing industry observers see a leveling off of activity, at least toward the end of the year, if not immediately. And prospects for the longer term are more problematical with prospects brightened, however, by the ensuing election year.

Data Resources senior vp Bob Gough expects seasonally adjusted starts in the 1.72 million range through the third quarter because home completions have skyrocketed and new demand will therefore have to be satisfied by new construction. In addition, the level of permits filed during the first half has been strong.

"That momentum may take us through September," said Gough. "But for the fourth quarter we should see 1.64 [million starts seasonally adjusted], and it could be even lower. The reason is simple: mortgage rates."

For a strong housing market, the mortgage payment should take up no more than 30% to 32% of a homeowner's income, Gough said. While home prices as well as interest rates affect affordability, the NAR's Kerin noted that existing home prices are up only 4.2% from a year ago.

"Virtually all changes in the affordability index in the last year were due to interest rates," he said.

"There is no magic interest rate," Gough commented, "but clearly in the area of 12% or below is needed to maintain the momentum seen in the past few months."

Smith Barney Harris Upham vp Barbara Alexander expects starts to drop below 1.6 million on a seasonally adjusted monthly basis in the near future. She anticipates 1.6 to 1.7 million starts for 1984 and 1.7 to 1.75 million for 1985.

The NAHB expects 1984 starts to reach about 1.73 compared with the 1.56 million forecast for 1983.

FOR THE RECORD

CHATSWORTH, Calif.—Commodore Products' creditors voted in June to endorse a plan of reorganization intended to bring the company out of Chapter XI protection.

Close to 95% of the 144 creditors voted in favor of the plan, according to Commodore president Larry Pallitz. The company was expected to seek court approval of the plan on July 12.

'KDesign 84' set for Sept. 9-12

NEW YORK—Over 5,000 styles of knock-down (KD) furniture are expected to be exhibited at "KDesign 84," an exposition to be held Sept. 9-12 at the New York Coliseum.

Initial offering

As the first exposition for ready-to-assemble (RTA) furniture ever held, the event aims to increase the awareness of retailers, manufacturers and interior designers toward the potential of such furniture.

Products from many European countries, Asia, the Near East, Australia, Canada and the United States will be exhibited at the show, produced by the Cahners Exposition Group.

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LAWN & GARDEN SUPPLEMENT—pp. 17-44

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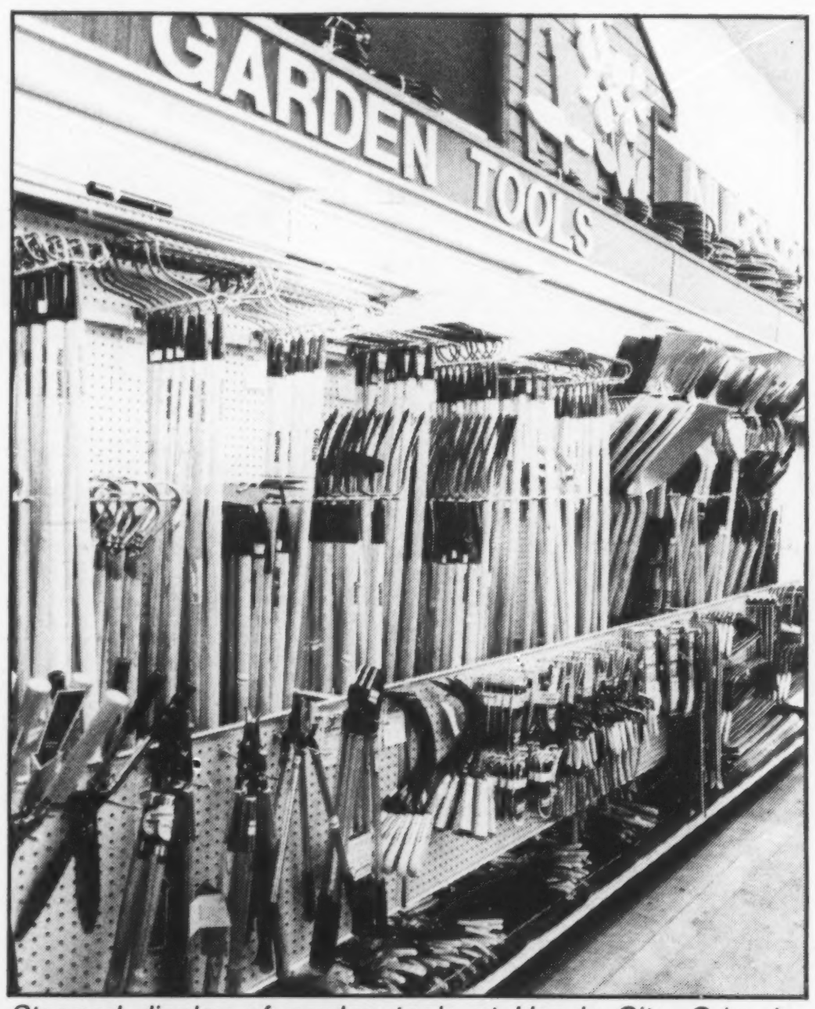


Stepped display of garden tools at Handy City, Orlando, contains long-handled tools on back wall, shorter ones on knee-high addition, and hand tools on the bottom step. NHCN photo

Timber! Lumber prices fall; cautious dealers not buying

By Kenneth Schept
NHCN senior editor

NATIONAL REPORT—Lumber prices dropped dramatically early this month as retailers and wholesalers, uncertain about the duration of the housing recovery, bought only enough for current needs and trimmed their inventories.

Random Length's lumber composite price dropped $14 in the first week of August, to $215 per thousand board feet compared to June's average of $260. Western spruce 2x4's were hardest hit with a July price plunge of about $100, but prices on Southern pine and other species eroded as well.

The sharp decline of the lumber market resulted because of high production levels at the mills as demand slackened—some say disappeared—when interest rates climbed, threatening to slow housing production from 1.7 million seasonally adjusted units for the first half of 1983 to perhaps 1.3 million at year's end.

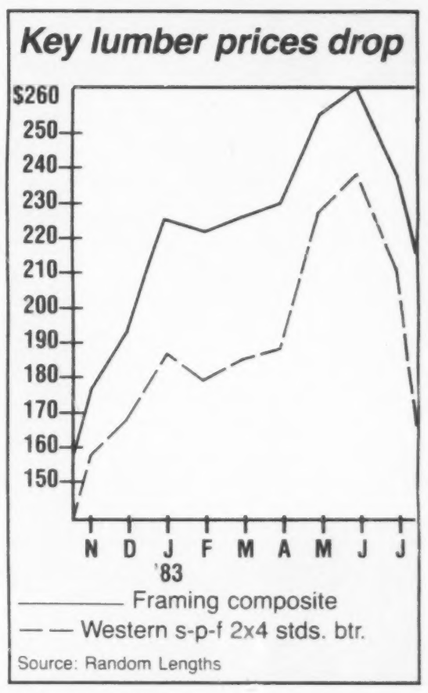
Palmer's Lumber & Plywood Forecast, a weekly newsletter, has declared the end of the cycle. Others view these recent price declines as a temporary leveling. No one is certain how much lower lumber prices will go but all agree that the psychology of caution has taken hold.

"The retailer has stopped buying lumber," said Phil Chiricotti, director of forest products for K&S Commodities, Chicago. "He doesn't want to buy it. He doesn't know what's going to happen down the road."

"You're not going to fool this guy. He stopped buying in advance of business falling off," Chiricotti continued. "He's run his inventories down in advance. He's worried about the future. He's pulling in his horns."

"With prices the way they are we just as soon get a truck in

(Continued on page 62)



After peaking in June, key lumber prices dropped as mills caught up with demand which slackened with rising interest rates. Monthly averages are shown except for August, which reflects early-month activity.

Stepped displays trigger tie-in lawn & garden sales

ORLANDO, Fla.—"Without the stepped display we would have to reduce the linear feet devoted to long-handled tools from 40 ft. to 36 ft," said John Coen, store manager at the Handy City on West Colonial Drive here. "Then we would display the shorter tools and accessories on a 4-ft. section."

The stepped display method, now being employed by San Antonio-based Handy City and other chains, such as Ernst Home Centers, Seattle, Wash., is helping home center retailers increase productivity in their lawn and garden department. ***(An in-depth look at the booming lawn and garden department begins on page 17.)***

The stepped display encourages tie-in sales, according to Coen. Many customers who select a shovel, hoe or rake also purchase a weed trimmer, clippers or saw because they are displayed in a direct line of sight on the knee-high pegboard addition.

"Recently, we added a selection of garden gloves to the lower rise of pegboard just in front of the shovels," noted Coen. "Many customers selecting a shovel also pick up a pair of gloves to go with it."

Coen also said the three steps of the gondola provide additional room for more extensive good-better-best selections of merchandise.

Price war brewing in Dallas as chains brace for Bowater entry

By John Caulfield
NHCN associate editor

DALLAS—The weather isn't the only thing sweltering here this month as several home center chains have suddenly heated up their print and television ad campaigns in anticipation of what some see as an all-out price war in the market.

Dallas is one of the most competitive markets in the country already, with such chains as Payless Cashways, Handy Dan, Homer's, Foxworth-Galbraith and 84 Lumber all promoting their merchandise heavily. But these companies could be feeling a bit anxious as they await the opening next month of three Bowater Home Centers, the first warehouse-style operation to enter the market.

Consequently, many of these chains are making a greater effort to protect their market shares, or try to heighten their

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Full page Homer's ad proclaims 20% off every item in the chain's nine Dallas stores.

NEWSBREAKS

IMPENDING ACQUISITION. O'Malley's, Phoenix, and Sunset Industries, operators of five Handy Andy units in Tucson, Ariz., have entered into negotiations whereby O'Malley's would acquire the Handy Andy stores, officials of the two companies confirmed.

GOING PUBLIC. Twelve-unit National Lumber, Santa Ana, Calif., hopes to raise $15 million to $20 million for expansion in an initial public stock offering, tentatively set for Sept. 27, of 1.5 million shares.

INSIDE:

OLE'S MANAGEMENT REORGANIZATION creates three group vp positions ..... Page 2
NEW POS TERMINALS are speeding customers through Scotty's checkouts ..... Page 3
FTC SHIFTS GEARS on enforcing certain advertising and promotional claims ..... Page 6

Hardware Show business brisk

Marcus warns manufacturers of shortcomings

NHCN staff roundup

CHICAGO—Home Depot chairman Bernie Marcus warned domestic manufacturers that home center dealers will turn to foreign and new United States sources of supply if incomplete orders, "unjustified" price increases and "pseudo" shortages continue.

However, Marcus saw tremendous potential for manufacturers and retailers in the home center industry. He made these remarks in his keynote address at this year's 38th annual National Hardware Show held here this month.

While attendance figures were not available at presstime, first day activity was brisk, with virtually every major home center and hardware chain having representatives on the show floor. The show's sponsors estimated that a total of 75,000 people would attend this year's show.

Home center dealers walking the show told *NHCN* that their businesses were responding strongly to the national recovery, and that the show's turnout was a reflection of that strength industrywide.

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